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**More ATM deployers surf the radio waves**

Anonymous

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TEXT:

While many banks outside the U.S. use wireless technology to transmit ATM transactions to compensate for limitations on telecommunication lines, the technology has been slow to catch on in the U.S. But lured by promises of significant cost savings, a number of U.S. banks are taking a closer look at wireless options.

Indeed, several ATM deployers are using wireless technology already, including Cincinnati-based Star Bank, First Security Bank of New Mexico, Norwest Bank of Texas and Capital City Bank of Florida. By reducing communication costs, the technology enables financial institutions to deploy more terminals.

"This technology is very important because it helps us deploy ATMs in more locations," says James A. Dixon, Star Bank vice president. "With radio wave technology, the cost of communicating with an ATM in San Diego is the same as communicating with an ATM in Cincinnati. We can compete in any area we decide to go into."

**A Bad Connection**

But wireless technology still has some drawbacks. Using the technology in big cities is one area of concern. Because an ATM needs to be in the line of sight of its transceiver, the technology may not work in locations with a lot of tall buildings.

"In large metropolitan areas, it may be difficult getting a signal around," says Robert Joyner, vice president with Utah-based First Security Bank, which uses wireless technology with around 65 ATMs at a subsidiary in New Mexico. "Albuquerque is a very flat area--it's very economical to find a tall building, put an antenna on it and reach ATMs within a twenty-mile radius. But in a city like Seattle with a lot of hills and tall buildings, it wouldn't be as economical."

**Lower Phone Bills**

But enticed by lower communication costs, a number of ATM deployers are using wireless technology. Star Bank has used wireless communications with ten ATMs since January and plans to use the technology with at least 225 off-premise machines by the end of 1996. The technology helped cut monthly telecommunication fees for an ATM in Kentucky from \$325 per month to less than \$160 per month, Dixon says. The service is expected to save the bank \$250,000 per year when it is fully rolled out next year, he adds.

Thomas A. Egner Jr., vice president of ThruComm, a Cincinnati-based wireless service provider that is working with Star Bank, says the technology can help ATM deployers slash a large chunk off monthly communication fees. While ATM deployers typically pay around \$220 a month for telephone lines, wireless technology can bring that down to around \$150, he says. The technology also eliminates long-distance telephone fees: an ATM deployer may pay up to \$500 per month for calls from an ATM in a distant state compared to around \$200 for a local terminal. Wireless fees do not vary with distance.

ThruComm provides wireless communication using transceivers--receiver/transmitters--placed on towers in a central location near a bank's ATMs. When a transaction occurs, an antenna on the ATM sends the information to the central transceiver, which then relays the information via satellite to ThruComm's central facility in Cincinnati. The transaction is then routed to the bank's processor.

Each transceiver covers a radius of five miles. Because a transceiver must be in the line of sight of an **ATM** to transmit information, metropolitan areas or cities with many hills may require several receivers. Cities that are flat, however, may only require one or two transceivers.

First Security Bank of New Mexico was an early convert to wireless technology. The bank converted an **ATM** mounted on a recreational vehicle with wireless technology in 1985 to provide cash to consumers during an annual balloon festival outside Albuquerque. "After we were involved with the mobile **ATM** , we discovered it was very economical using radio wave technology," Joyner says.

Electronic Payment Systems Inc., a Delaware-based third-party processor and owner of the MAC shared EFT network, also uses wireless technology. The processor has used the technology since the early 1990s in some 70 **ATMs** in western New York State. "The cost structure is very favorable--it helps us deploy **ATMs** over a larger geographic base," says Donald J. Murtaugh, EPS director of telecommunications. The technology helped EPS slash communication costs on some **ATMs** from \$500 per month to around \$150 per month.

#### Other Options

Other **ATM** deployers prefer dial-up technology in which a line is activated when a consumer starts a transaction. Unlike dedicated leased-lines, **ATM** deployers only pay a per-transaction fee with dial-up technology. "We save 25% to 50% a month using dial-up lines," says T. A. "Kip" Hyde, Jr., director of EFT product development with Affiliated Computer Services, a Texas-based third-party processor and major off-premise **ATM** deployer. ACS uses the technology with approximately 1,200 **ATMs** .

ACS also is looking at other communication alternatives, including the **Internet** . The company has been working with **Internet** America, a Dallas-based **Internet** service provider, to use the **Internet** to relay transaction information via a modem hooked up to the **ATM** . The service would be priced well below the price of leased lines and dial-up lines, Hyde says. "If we can do it for \$30 a month, it would be a serious cost advantage," he says. ACS plans to pilot the technology with several **ATMs** around Vail, Colo., next winter.

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